

Human Capital Influences in FDI in Eastern European Economies

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Abstract

Despite the increase of total foreign direct investments (FDI) in developing countries, the distribution of these investments among countries is disproportional. The inflows have been directed only to a limited number of developing countries. The most significant effect of FDI on the country's economy is the injection of needed capital and employment to overcome the gap between the savings of a developing economy, which does not invest much in new business, hindering so the employment increase. The idea that possible determinants of FDIs are not only determinants of economic nature, but also other factors that have impacts in attracting FDI inflows are progressively increasing. New studies realized that social capital is a factor, which is considered by foreign enterprises before investment decisions.

Keywords: FDI, human capital, developing countries.

JEL classification: C2; F2; O5; I2

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